



# CLEAN WATER ACTION

CONNECTICUT

February 16, 2009

To: The Honorable Members of the Appropriations Committee

Written Testimony Regarding the Governor's Proposed Biennium Budget  
2010-2011

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Clean Water Action is a non-profit organization with one million members nationwide and more than 24,000 members in Connecticut. Our Hartford-based staff works with local groups and citizen leaders on issues affecting our health, environment, and quality of life.

## **1. Department of Environmental Protection**

During these challenging economic circumstances, we recognize that tough choices are being made regarding the funding of programs and agencies. On behalf of our members, we ask that funding for the Department of Environmental Protection be maintained at current levels because the agency's resources, particularly in enforcing our air and water quality laws, are already overstretched and DEP's work is critical in reducing environmental health hazards which cut short lives, drive up health care costs and rob our economy of worker productivity.

As a percentage of the state's total budget, the Connecticut DEP is funded at one of the lowest levels of any state environmental agency in the country. The agency's budget has effectively already been cut, incrementally over the last couple of decades, and most recently has not recovered from the budget crisis of 2003. As a result, the agency currently lacks the staff capacity to perform essential duties and carry out programs on which our communities rely.

Clean Water Action supports the concept of shifting the funding of DEP staff positions into the General Fund rather than continuing to rely on the fees that DEP collects. However, the allocation from the General Fund must be adequate to meet the demands on the department, including the programs geared toward safeguarding our air, water, and climate.

We are specifically concerned that if fees specifically earmarked to support the implementation of global warming planning and implementation strategies were diverted that the agency would retain adequate resources to hire consultants to improve our greenhouse gas inventory and oversee an ongoing three year planning and implementation process pursuant to Public Act 08-98.

## **2. Do not Make Ratepayers Pay Taxes Into the General Fund.**

We respect that the governor and legislature have the prerogative to raise taxes but suggest that it makes more sense to raise new revenue rather than divert the ratepayer-funded CT Clean Energy Fund and CT Energy Efficiency Fund (and Office of Consumer Counsel) into the general fund. These funds raise money for the direct benefit of ratepayers.

## Circumstances of 2003 Raid No Longer Valid

The situation with the two funds today are far different than when Governor Rowland raided them in 2003. The programs were relatively new then, underdeveloped, and had surplus money in their accounts. Programs like Home Energy Solutions, the CT Solar Rebate and the CT Solar Lease did not yet exist. Today there are no longer any surpluses in either the Clean Energy or Energy Efficiency Fund, and in fact both funds have waiting lists for their programs.

Today, both funds are mature and offer programs *as essential as power plants and transmission lines* for meeting the state's energy needs while keeping energy affordable for residents. Reducing our support for efficiency will force us to pay for dirty energy generation that is roughly four times the cost of efficiency.

Clean energy and energy efficiency programs *reduce the state deficit* by significantly cutting energy costs for public entities including schools. Efficiency and renewable energy keep energy dollars in Connecticut's economy which have economic multiplier effects, and which employ local workers. **If the appropriations committee wishes to maximize the use of these funds to reduce the state budget deficit it could require the funds prioritize investments in publicly-run buildings.** As the definition of cost-effective efficiency is that it saves more than one dollar for each dollar invested, this will yield more savings than diverting one dollar of fund money to reduce one dollar of the budget deficit.

## Efficiency Only Tool Able to Roll back Recent Bill Increases

Over the past few years CL&P and UI customers have been hit with 30-50% increases in the cost of electricity, driven higher by rising fossil fuel prices and changes in market structure. Our energy efficiency programs help real people-they keep customers from going into default on utility bills, aid businesses poised to move out of state, and are the *only tool we have today to help individual families and businesses roll back massive bill increases over past few years.*

Residents both need help understanding what they can do and affording the initial cost of the upgrade. The Efficiency Fund programs both educate and provide financial assistance.

## CT Energy Efficiency Fund Programs are real and wildly popular

1. **Home Energy Solutions**- started in 2007, this in-home weatherization program serves 15,000 homes/year and was free until late 2008, but its popularity and funding shortfalls led to the institution of a \$75 co-pay. This program provides direct efficiency upgrades including duct sealing, weatherization, free efficient light bulbs, and coupons for EnergyStar refrigerator (\$100), Freezer (\$100), Clothes Washer (\$100), Dehumidifier (\$50), and insulation (\$0.50 per square foot)
2. **UI Helps and WRAP** are similar programs in scope to Home Energy Solutions but are entirely free. In 2007, they helped almost 15,000 low-income customers throughout CT saving them \$27.5 million on electric, natural gas and heating oil. These dollars are dollars the state will not need to spend on direct energy assistance.
3. **Small Business and Municipal programs** provide free energy audits to identify opportunities to upgrade lighting, air conditioning and other systems. However their unexpectedly high popularity led the Efficiency Fund in CL&P territory to overspend in '08 and borrow from this year's budget, leaving the Fund forced to institute waiting lists

and caps on financial incentives. Further cuts would only exacerbate this problem and delay efficiency help for towns and businesses who need it now.

### **Clean Energy Fund Programs**

1. **Solar rebate program**- in the past few years this program has supported almost 800 residential solar PV installations with 24 solar companies now doing business in Connecticut, making it one of fastest growing solar markets in country. A lack of funding is already hurting the solar rebate program- CCEF had to put this program on hold in 2009 due to lack of funding- the program became too popular and CCEF ran out of funds until 2010. There is a significant waiting list for solar for schools and other public buildings. This impending shortfall prompted the General Assembly to pass a law requiring the Clean Energy Fund and stakeholders to develop a comprehensive solar strategy- that study for *expanding* solar programs is due this month.
2. **Residential solar lease program** ([ctsolarlease.com](http://ctsolarlease.com)) began in September 2008 and is able to support 1,000 residential solar installations at no upfront cost to homeowners over three years. Money is still available for this program. However, if CCEF were forced to pay \$10 million this year, they may have to divert funds from this program and violate their contract with the lease provider, thus wasting ratepayer money on penalties rather than putting all the money into solar power systems for people's homes
3. **Community clean energy innovations grants**- since 2005 the Clean Energy Fund has offered \$5000 clean energy education grants to many of the 87 communities which have joined the municipal 20% by 2010 Clean Energy Communities program. Grants have gone to school groups and local civic groups like the Boy Scouts to encourage residents to sign up for clean energy.
4. **Solar Panel Incentives for towns**- Since 2005 the Clean Energy Fund has provided incentives for towns that make clean energy purchases in the form of small solar PV systems. Many towns have put them on schools and used a free curriculum from the Clean Energy Fund to teach ninth grade science students about clean energy.
5. **New programs on chopping block**- CCEF has plans in the works to offer incentives for solar hot water heating systems to residential customers, as well as incentives for small wind projects. Despite their cost-effectiveness these programs may never be launched if the clean energy fund loses \$10 million per year.

Respectfully,

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